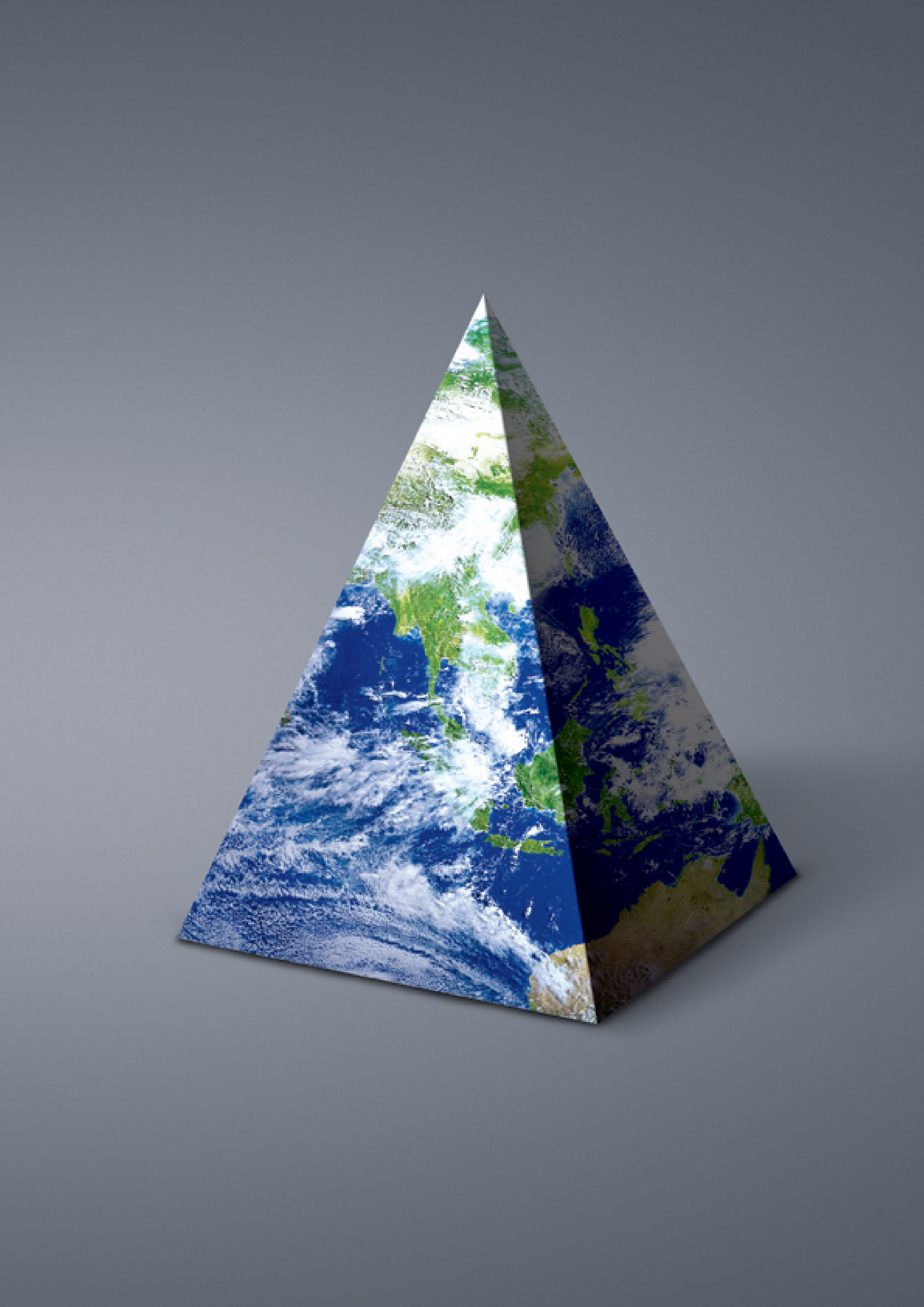

VISION & COMPETITIVE EDGE

COSCO Pacific has become the fifth largest container terminal operator and the third largest container leasing company in the world.
We will continue to put emphasis on the development of our core businesses and to strengthen and solidify our core competitiveness.

CHAIRMAN'S STATEMENT

"WE STRONGLY BELIEVE THAT OUR CORE COMPETENCIES ARE AN UNRIVALLED STRENGTH IN ENCOUNTERING A MORE COMPLEX AND VOLATILE OPERATING ENVIRONMENT."

Dear Shareholders,

It is my honour to have been appointed as Chairman of COSCO Pacific on 24th February 2012. I would like to express my sincere gratitude to the Board members for their trust, and my thanks also to Mr. Xu Lirong, the former Chairman, for his outstanding contribution to COSCO Pacific.

In the first half of 2011, the global economy continued the recovery that began in 2010. Despite the slowing economic recovery in the second half as a result of the widening European debt crisis, I am delighted to report that the Group delivered solid results in 2011, thanks to the strong profit growth in our terminal, container leasing and container manufacturing businesses. Profit attributable to equity holders of the Group (excluding the non-recurring items) rose by 35.2% year-on-year to US$364,373,000. Including the non-recurring items, profit attributable to equity holders rose by 7.6% year-on-year to US$388,771,000. Revenue was up 34.2%, reaching US$599,159,000. Earnings per share were US14.34 cents, full year dividends per share amounted to US5.736 cents, and the annual dividend payout ratio was maintained at 40.0%.

Enjoying support from the fleet of COSCO Group, our parent company

The support of COSCO Pacific's parent company, COSCO, together with that of China COSCO and sister companies, means that COSCO Pacific can rely on the second largest shipping fleet in the world to enhance its core competitiveness and strengthen its leading position in the container port and container leasing industries. COSCO Pacific has become the world's fifth largest container terminal operator, with a global market share of 8.8%[1], and the third largest container leasing company, with a global market share of approximately 12.5%[2]. During 2011, total throughput of our terminals increased by 15.1% year-on-year to 50,695,897 TEUs, and our container fleet capacity increased by 8.9% year-on-year to 1,777,792 TEUs.

Note

1 Source: Drewry, August 2011

2 Source: Drewry, 2011

COSCO Pacific operates and manages 23 terminal companies in

18 ports

world-wide, among which
19 are in the PRC and
4 are at overseas hub ports.

COSCON provides the Group's terminal business with a stable source of cargo, accounting for approximately 19.7% of the Group's total throughput in 2011. With the dedicated efforts of all shareholders, the terminal business has become the most profitable of our businesses. Its profit contribution rose significantly in 2011, by 54.2% to US$184,890,000, accounting for 43.9% of the total profit from the Group's core businesses, an increase of 5.0 percentage points.

Furthermore, our container leasing business is in a "win-win" situation as it combines the advantage of COSCON's very large fleet size with the brand recognition for professionalism and high quality service enjoyed by Florens . As of 31st December 2011, 30.8% of the Group's containers were leased by COSCON.

Further optimising the strategic distribution of our global terminal network

China's economy has grown rapidly since it entered the World Trade Organisation in 2001. While expanding its China terminals business, COSCO Pacific has seized the opportunity for development presented by this growth to optimise its global terminal distribution. As at 31st December 2011, COSCO Pacific operated and managed 23 terminal companies in 18 ports world-wide, among which 19 were in the PRC. The terminal network includes eight major ports in China (Shanghai, Hong Kong, Shenzhen, Ningbo, Guangzhou, Qingdao, Tianjin and Dalian) and six major feeders and ports for domestic trade (Quanzhou, Jinjiang, Yangzhou, Zhangjiagang, Yingkou and Nanjing). In addition, our network covers four major overseas hub ports (Piraeus in Greece, Port Said in Egypt, Antwerp in Belgium and Singapore). These ports have the geographical advantage of being located at the centre of their local economic area.

In 2011, the total throughput of the Group's terminals in Mainland China reached 42,360,271 TEUs, up 14.2% year-on-year. This was higher than the average 11.4% increment in Mainland China and accounted for 83.6% of the Group's total throughput. Although China's macroeconomic policy has been adjusted modestly, so as to maintain steady growth in 2012, its gross domestic product ("GDP") is expected to sustain a growth rate that is higher than the global average.

We expect the Group's terminal business in 2012 to continue to benefit from this growth in China. Moreover, the Group will continue to monitor opportunities to invest in more ports overseas. With an emphasis on keeping our deep roots in China while eyeing global expansion, the Group will proactively manage the strategic distribution of its global terminal network. In 2011, the Group's container throughput overseas increased by 23.6%, significantly higher than the global average of 6.8%[3].

Note

3 Sources: Drewry, December 2011

The Group provides efficient terminal services to international shipping lines and other port users, and over

450 routes

berth at the Group's terminals.

Joining hands with strong business partners for mutual benefit

Establishing solid cooperation with business partners is a crucial success factor for our terminal business. Our business partners principally include Chinese port authorities and leading global terminal operators. The handling capacity of the Group's terminal portfolio has been enhanced substantially as a result of cooperating with strong partners. In 2011, the Group's 93 operating container berths had an annual handling capacity of 55,450,000 TEUs. COSCO Pacific provides efficient terminal services to international shipping lines and other port users, and over 450 routes berth at the Group's terminals.

For our container leasing business, the total number of customers reached 287 in 2011, with 69.2% of the total container fleet for international customers. New containers purchased by the Group totalled 118,755 TEUs in 2011, of which 52.8% was for international customers. Our top ten shipping company customers accounted for 70.3% of the revenue from the Group's container leasing business.

Withstanding the global economic downturn

The terminal industry has significant strategic importance for the global supply chain. Goods transported by sea account for approximately 90% of the world's total freight volume, as a result of which the terminal industry has benefited from the steady growth of global trade. At the same time, the ports industry has a high barrier to entry. These favorable factors minimise fluctuations in terminal throughput during periods of economic downturn. During periods of economic recovery, by contrast, growth in terminal throughput is strong. Following the financial crisis in 2008, global and China port container throughput in 2009 declined by 9.1% and 4.6% respectively. In 2010, however, global and China port container throughput rose by 14.8% and 19.4% respectively. The International Monetary Fund ("IMF") expects the world trade volume to increase by 3.8% year-on-year in 2012. We are therefore confident that our terminal business will maintain its growth path.

> **"THE CONTAINER LEASING BUSINESS PROVIDES STEADY PROFIT CONTRIBUTION AND CASH FLOW TO THE GROUP."**

Optimising the business model of the leasing business

As at 31st December 2011, the size of container fleet under the operation and management of Florens, the Group's wholly owned subsidiary, was 1,777,792 TEUs. Florens' result in 2011 was satisfactory. Revenue from the container leasing, management and sale businesses was US$276,547,000, up 10.2% year-on-year. The number of owned containers was 874,160 TEUs, an increase of 7.4% year-on-year. The overall average utilisation rate remained at a high level of 96.1%.

To ensure a stable income for the leasing business and maintain a high utilisation rate in the current economic environment, new container leases entered into by the Group have been mainly long-term leases. As of 31st December 2011, rental income from long-term leases (those with rental periods of between 3 and 8 years) accounted for 93.8% of container leasing income.

The container leasing business of Florens provides steady profit contribution and cash flow to the Group, providing strong support for the Group's fast-developing strategy for the terminal business. In 2011, Florens contributed a profit of US$116,508,000 to the Group, up 20.9% year-on-year.

Looking forward to 2012, the global economy will continue to present challenges. Economic development will face even more uncertainties and instability, meaning we are likely to encounter a more complex and volatile operating environment. Nevertheless, the market consists of both favorable and unfavorable factors and we strongly believe that our core competencies are an unrivalled strength. In the coming year, we will spare no efforts to capture favourable business and turn adversity into opportunity, emphasising the development of our core businesses and strengthening our competitiveness. We will also introduce a "people-oriented" philosophy to accelerate the development of management talent to support the internationalisation of both our terminal and container leasing businesses. Our aim remains to create further value for our shareholders by enhancing COSCO Pacific's sustainable development.

Last but not least, on behalf of the Board of Directors, I would like to extend my sincere gratitude to our shareholders and business partners for their unfailing support to COSCO Pacific and to all staff members for their unfailing dedication.

Li Yunpeng
Chairman

27th March 2012